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No. 90-43

In The

Supreme Court of the United States

October Term, 1989

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA,

Petitioner,

v.

THE PAYMASTER CORPORATION,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITIONER'S REPLY BRIEF

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REPLY TO RESPONDENT'S PURPORTED REASONS FOR DENYING THE WRIT

I.

THE DECISION OF THE NINTH CIRCUIT IS IN CONFLICT WITH THE DECISION OF EVERY OTHER CIRCUIT TO ADDRESS THE ISSUE AT BAR.

A. Numerous Circuits Have Held That Proof Of The Infringement Of A Protected Interest Is An Essential Element Of A Claim For False Designation Of Origin.

In its effort to circumvent the obvious conflict between the Ninth Circuit's decision and every other decision to reach the issue at bar, The Paymaster Corporation ("Paymaster") purports to turn more than a quarter-century of jurisprudence on its head. Since 1963, when the Sixth Circuit Court of Appeals became the first court to recognize Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), as creating a cause of action for a false designation of origin of source of manufacture, *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963), courts have dogmatically held that separate causes of action exist for false designation of origin and false advertising, *i.e.*, false description or representation. *See Can-Am Eng'g Co. v. Henderson Glass, Inc.*, 814 F.2d 253, 256 (6th Cir. 1987) ("§ 43(a) contains two separate prohibitions: one against false designation of origin and one against false representation or description."); *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1331 (8th Cir. 1984) ("the purpose of § 43(a) is to create a new federal remedy for the particular kind of unfair competition that results from false designation of origin or other false representation used in connection with the sale of a product."); *U-Haul*

Int'l, Inc. v. Jartran, Inc., 681 F.2d 1159 (9th Cir. 1982) ("a literal reading of § 43(a) indicates that it embraces either a 'false designation of origin' or a 'false description or representation.' "); *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F.2d 299, 303 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982) ("§ 43(a) of the Lanham Act contains two separate prohibitions: one against false designation of origin, and another against false description or representation."). Paymaster, however, purports to equate the claim for false designation of origin with the claim for false advertising. Paymaster then argues that because no court has held that a plaintiff need prove the infringement of a protected interest in order to sustain a claim for false advertising, the Ninth Circuit's decision is not in conflict with any other decision.

There is not one authority which can be cited for the proposition that a claim for false designation of origin and a claim for false advertising are one and the same. In fact the distinction between the two claims is recognized in Paymaster's own cited authorities. For instance, Paymaster quotes from a prominent authority that the two major claims made under § 43(a) arise from the same passage in the statute. 2 J. McCarthy, Trademarks and Unfair Competition § 27:2 (2d ed. 1984). However, Paymaster conveniently omits that same authority's acknowledgment that "[w]hile both prongs [of § 43(a)] may be asserted in a single case, they remain separate in their substantive rules and applicability. *Id.* (footnote omitted).

Although the claims for false advertising and false designation of origin arise from the same statute, they each remain separate and distinct. Paymaster does not even attempt to distinguish the numerous cases cited

both above and in the petition of American Bankers Insurance Company of Florida ("ABIC") which recognize the difference between false designation of origin and false advertising, and which require proof of the infringement of a protected interest as an element of a claim for false designation of origin. Rather, Paymaster cites to cases wherein claims for false advertising were asserted. Those cases are inapposite to the case at bar.

Paymaster does cite two cases for its proposition that the infringement of a protected interest need not be proven in a § 43(a) false designation of origin case. Those cases, however, simply do not stand for that proposition. In the first, *Blackhills Jewelry Manufacturing Co. v. Gold Rush, Inc.*, 633 F.2d 746 (8th Cir. 1980), the claim asserted was for a false designation of *geographic* origin, not origin of manufacture. It is widely recognized that a claim for false designation of geographic origin "is founded on the false advertising prong of § 43(a)." 2 J. McCarthy, Trademarks and Unfair Competition § 27:7 at 365 (2d ed. 1984). Accordingly, that case is simply another "false advertising" case and has no application to the case at bar.

The second case cited by Paymaster, *Liquid Control Corp. v. Liquid Control Corp.*, 802 F.2d 934 (7th Cir. 1986), similarly did not hold that a protected interest need not be proven in a § 43(a) claim for false designation of origin. In that case, the plaintiff sought relief for the defendant's unauthorized use of the plaintiff's name. Contrary to Paymaster's description of the case, the Seventh Circuit Court of Appeals actually held that the plaintiff's claim was insufficient because its name was a "generic term" not giving rise to a secondary meaning.

Absent a secondary meaning, the plaintiff had no protectable interest under § 43(a). *See* cases cited *infra* note 1.

The authorities relied on by Paymaster do not support its false proposition. Even if the cases cited by Paymaster actually supported the Ninth Circuit's decision as Paymaster asserts they do, those cases would simply further illustrate the conflict between the Ninth Circuit's opinion and the cases cited in ABIC's petition which hold to the contrary.

The Ninth Circuit expressly ruled that Paymaster was not required to prove the infringement of a protected interest in order to prevail on its false designation of origin claim. That decision is in conflict with the decision of numerous other circuits. Plenary consideration of this case is necessary to resolve that conflict.

B. The Ninth Circuit's Opinion, Even Though Unpublished, is in Conflict With Numerous Decisions Of Other Circuits.

This Court has stated that the choice of a court of appeals to not publish its opinion is not a factor to be considered when deciding whether to grant a petition for writ of certiorari:

> We note in passing that the fact that the Court of Appeals' order under challenge here is unpublished carries no weight in our decision to review the case.

Commissioner v. McCoy, 484 U.S. 3, 7 (1987).

Paymaster's argument that the unpublished decision of the Ninth Circuit is not in conflict with any other

circuit's decision because a Ninth Circuit local rule precludes the citation of unpublished opinions in the Ninth Circuit, is quite perplexing. Whether the Ninth Circuit's decision can be cited in the Ninth Circuit and, therefore, be in conflict with another decision of the Ninth Circuit is irrelevant to whether this Court should grant the petition for writ of certiorari. The relevant question is whether the decision can be cited in any other circuit. Only four of the other twelve federal circuits have expressly declared that unpublished opinions have no precedential value in those respective circuits: D.C. Cir. R. 11(c); 1st Cir. R. 36.2(b); 10th Cir. R. 36.3; Fed. Cir. R. 47.8(c). In each of the remaining circuits, the Ninth Circuit's decision may be cited as precedent. Therefore, in those remaining circuits which have ruled on the issue decided by the Ninth Circuit (the Third, Sixth, Eighth and Eleventh Circuits),[1] the Ninth Circuit's decision creates a conflict.

The fact that the Ninth Circuit decided to not publish its opinion in no manner precludes any litigant or court from having access to that decision. Although reported as a table decision at 892 F.2d 1047 (9th Cir. 1989), the entire text of the decision is readily available on the Westlaw computer service.

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[1] *United States Golf Ass'n v. St. Andrews Systems, Data-Max, Inc.*, 749 F.2d 1028 (3d Cir. 1984); *Can-Am Eng'g Co. v. Henderson Glass, Inc.*, 814 F.2d 253 (6th Cir. 1987); *Co-Rect Products, Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324 (8th Cir. 1985); *Congra, Inc. v. Singleton*, 743 F.2d 1508 (11th Cir. 1984).

C. The Ninth Circuit's Memorandum Decision Is A "Decision" Of That Court, Reviewable By This Court.

Equally perplexing is Paymaster's argument that the Ninth Circuit's memorandum decision is neither a "holding" nor "opinion," and therefore this Court should not grant the petition. Paymaster offers no definition of what it considers to be an "opinion" or "holding" of a court.[2] However, that determination is irrelevant. This Court's rules provide specifically that review by certiorari is warranted when "a decision" of a United States Court of Appeals is in conflict with that of another United States Court of Appeals. Sup.Ct.R. 10.1(a). In addition, when a United States Court of Appeals has "decided" an important question of federal law, review is warranted. Sup.Ct.R. 10.1(c). Certainly, no credible argument can be made that the memorandum decision of the Ninth Circuit was not a "decision" of that court.

II.

THE 1988 AMENDMENTS TO THE LANHAM ACT HAVE NOT RENDERED THE CONTROVERSY BETWEEN ABIC AND PAYMASTER MOOT.

Paymaster's argument that the 1988 amendment to the Lanham Act has rendered ABIC's argument "moot" is misplaced. The controversy between ABIC and Paymaster

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[2] The case cited by Paymaster, *Taylor v. Diznoff*, 633 F. Supp. 640 (W.D. Pa. 1986), refers to an affirmance *without opinion* as not constituting a holding. That case did not construe an affirmance with an unpublished opinion, as issued by the Ninth Circuit in this case.

is governed by the 1982 version of the Lanham Act and has been unaffected by the subsequent amendment. This litigation is an actual, ongoing case and controversy pending under the 1982 version of the statute, in which the parties continue to have a personal stake. Accordingly, this case is far from moot. *Lewis v. Continental Bank Corp.*, ___ U.S. ___, 110 S.Ct. 1249 (1990).

Furthermore, the amendment to the Lanham Act did nothing to affect the claim for false designation of origin presently existing in the 1982 Act. In fact, the amendment actually preserved that claim as it has been construed by the judiciary. As stated in the Senate Report construing the amendment to the Act, "section 35 revises section 43(a) of the act (15 U.S.C. 1125(a)) to codify the interpretation it has been given by the courts." S. Rep. No. 515, 100th Cong., 2d Sess. 7, *reprinted in* 1988 U.S. CODE CONG. & ADMIN. NEWS 5577, 5603. The amendment to § 43(a) actually separates the claims for false designation of origin and false advertising. Subsection (1) of the amended act expressly creates a claim for false designation of origin for any misrepresentation which

> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, *or as to the origin, sponsorship, or approval of his or her goods,* services, or commercial activities by another person. . . .

15 U.S.C. § 1125(a)(2) (1988) (emphasis added). Subsection 2, on the other hand, expressly provides a cause of action for false advertising for any misrepresentation which

> (2) *In commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods,* services, or commercial activities. . . .

15 U.S.C. § 1125(a)(2) (1988) (emphasis added).

Indeed courts construing the 1988 amendment have consistently held that to prevail on a claim for false designation of origin, the plaintiff must prove the infringement of a protected interest in the nature of a mark, symbol, name, trade dress, or other identifying feature. *Coherent, Inc. v. Coherent Technologies, Inc.*, 736 F. Supp. 1055, 1068 (D. Col. 1990) ("the same facts which substantiate an action for trademark infringement under § 32 of the Trademark Act of 1946, 15 U.S.C. § 1114, will make out an action for false designation of origin under § 43"); *Tripledge Products, Inc. v. Whitney Resources, Ltd.*, 735 F. Supp. 1154, 1161 (E.D. N.Y. 1990) ("in order to establish standing under § 43(a) of the Lanham Act, a commercial party must show it has a reasonable interest to be protected. . . . "); *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1430 n. 66 (S.D. Ohio 1990) ("the [1988] amendments do not change the substance of trademark doctrine associated with section 43(a).").

This Court has ruled that even when a statute under review has since been substantially altered or repealed, grounds still may exist for reviewing the former statute on certiorari. *Rodriguez v. United States*, 480 U.S. 522, 526 (1987). In the instant case, where the 1988 amendment actually preserves the cause of action for false designation of origin, the amendment should further compel this Court to grant the petition for writ of certiorari.

CONCLUSION

This Court should grant the petition for writ of certiorari.

Respectfully submitted,

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